

12216

Nº

99

AN EVALUATION OF THE PROGRAM
FOR REDUCING THE WORKWEEK IN THE USSR

CIA HISTORICAL REVIEW PROGRAM
RELEASE IN FULL



March 1961

NOT TO BE REPRODUCED IN WHOLE OR IN PART
WITHOUT THE PERMISSION OF THE CENTRAL
INTELLIGENCE AGENCY

CENTRAL INTELLIGENCE AGENCY

NOTICE

This report has been loaned to the recipient by
the Central Intelligence Agency. When it has
served its purpose it should be destroyed or
returned to the:

CIA Library
Central Intelligence Agency
Washington 25, D. C.

AN EVALUATION OF THE PROGRAM
FOR REDUCING THE WORKWEEK IN THE USSR

CIA/RR ER 61-13

CENTRAL INTELLIGENCE AGENCY
Office of Research and Reports

CONTENTS

	<u>Page</u>
Summary and Conclusions	1
I. Provisions of the Wage and Hours Program	3
A. Historical Development and Future Plans	3
B. Success of the Program in 1959-60	5
II. Relationship of the Reduction in Hours to Important Economic and Social Problems	8
A. Problems Facing the Soviet Leadership	8
B. Impact of the Shortened Hours	10
1. On Levels of Living	10
2. On the Adjustment of Wages and Work Norms . . .	11
3. On Efficiency	11
4. On the Tight Urban Labor Market	12
III. Rationale for the Reduction in Hours	12
A. Motivation for the 1956 Announcement	13
B. Leisure in 1956-60	14
1. Leisure as a Free Good	16
2. Leisure at a Cost	16
C. Leisure During the 1960's	18
1. Motives and Costs	18
2. Prerequisites and Prospects	21
 <u>Appendix</u> 	
Source References	23

Tables

	<u>Page</u>
1. Time Schedule for Adjustments in the Workweek and in Wages in the USSR, 1959-62	6
2. Planned and Actual Increases in Output and Productivity in Soviet Industry, 1959-60	7

AN EVALUATION OF THE PROGRAM
FOR REDUCING THE WORKWEEK IN THE USSR

Summary and Conclusions

In 1956 the USSR reduced the workweek for all workers and employees from 48 to 46 hours and announced plans for a further gradual reduction to 41 hours by the end of 1960. After lagging badly during 1957-58, the program was sharply accelerated in 1959-60, and by the end of 1960 all workers and employees had been transferred to the shorter workweek. The reduction of the workweek was accomplished largely without lowering average weekly earnings, without underfulfillment of production plans, and with substantial increases in output per man and per man-hour. In addition, higher "technically based" work norms have been established, the wage and bonus structure has been rationalized, and progressive piece rates have been deemphasized. The Seven Year Plan (1959-65), published in February 1959, specified that an additional hour was to be cut from the workweek in 1962 and that the shift to a 35-hour workweek was to begin in 1964 and to be completed in 1968.

Reduction of the workweek during 1956-60 has contributed to the solution of several important problems facing the Soviet leadership in recent years, including the need to reestablish control over wages, to improve economic efficiency, and to adjust to a tightening urban labor market. By means of the program, levels of living have been raised (through increased leisure), and the resistance formerly experienced to upward adjustments in work norms has been quieted. Soviet managers have been forced to make beneficial but formerly neglected changes in methods of operation, thereby sharply raising efficiency in the nonagricultural sector with a minimum amount of new investment. Finally, the shorter workweek, together with the higher hourly pay, has helped to relieve the pinch of the tightening urban labor market by providing a particular inducement for housewives and young people to seek employment.

Although the reduction in the workweek contributed to the solution of these important problems, the real motivation is not so apparent. The original (1956) decision to shorten the workweek probably was motivated by political considerations and was closely connected to the intra-Communist Party struggle at that time. The primary motivation may have changed from political to economic in 1958, when the program for the reduction of the workweek and the program for the establishment of new wages and work norms were formally linked.

There is considerable evidence that the reduction in hours of work is a basic goal and commitment of the Communist movement and the Soviet state. One of the first decrees of the Council of Peoples Commissars of the Russian Federation in 1917 established the 8-hour workday, and a 1927 decree sought with only partial success to establish a 7-hour workday for production workers in industry. In addition, Nikita Khrushchev has talked recently of a workday under Communism of 3 to 4 hours.

On the other hand, the program to reduce the workweek -- both in 1956-60 and in 1964-68 -- appears to be motivated primarily by the Soviet desire to prevent the volume of consumption from increasing at a rate greater than planned under the pressures of the current and prospective tight urban labor market. Stringencies in the urban labor market -- which create pressures for increases in real wages -- result from the declining increments to the population of labor-force age (until 1962), from the regime's policy of restricting rural-urban migration, and possibly also from the very rapid increase in investment planned for 1959-65. Soviet doctrines concerning the primacy of heavy industry, the relationship between the growth of real wages and productivity, and the role of public consumption under Communism imply that the desire to restrict the growth of consumption is a basic motivational factor in the plans for a shorter workweek. Finally, the clear intent of Soviet leaders not to compete with the US in consumer durables, notably in automobiles, also supports this conclusion.

Although the increased leisure obtained by the Soviet worker-consumer during 1956-60 may have been "free" or "low-cost" in terms of foregone potential output, this result appears to have been a unique one, occasioned by the existence of substantial "internal reserves" in many Soviet enterprises and by the short-run difficulties (costs) of converting these reserves into increased physical output. The cost of further reductions in hours during 1964-68, in terms of foregone output, probably will be much higher and could represent either the costs of fulfilling a long-term Communist goal or, alternatively, the costs of maintaining a planned "mix" of physical output in which consumption goods are accorded a relatively low priority. The further reduction in hours without a consequent reduction in real weekly earnings, therefore, may depend heavily on the successful introduction of new technology and on the ability of the Soviet planning-management system to install new equipment and to use the new techniques efficiently.

I. Provisions of the Wage and Hours Program

A. Historical Development and Future Plans

In February 1956 the Twentieth Party Congress of the Soviet Communist Party amended the Sixth Five Year Plan (1956-60) to provide for the transfer of all workers and employees* from a general 48-hour workweek to a 41-hour workweek by the end of 1960. The workweek was to be shortened by 2 hours in 1956, and thereafter the reduction was to proceed industry by industry, starting with those with the most arduous working conditions, such as coal mining. In general, the shift in the workweek was to be accomplished by cutting the workday from 8 to 7 hours on weekdays, with a 6-hour workday on Saturdays. Where "conditions permit," a 5-day week of 8 hours per day was to be established. 1/** The Sixth Five Year Plan also provided for a major reform of the wage and salary system 2/ through substantial increases in minimum wage levels, revision of the antiquated system of work norms, and readjustment of occupational, regional, and industrial wage differentials.

Although both of these programs were administered under the general guidance of the State Committee of the Council of Ministers, USSR, on Questions of Labor and Wages,*** they proceeded separately at first, and even by early 1958 neither program had progressed much beyond the experimental stage. In March 1956 the workweek for all workers and employees was cut from 48 to 46 hours by reducing work-hours from 8 to 6 on Saturdays, and in July 1956 a 36-hour workweek was established for persons under 18 years of age. 3/ During 1956-57, selected enterprises in ferrous and nonferrous metallurgy and in the automobile, machine tool, and other industries experimented with a shorter workweek, and other plants in the metallurgical, consumer goods, food, construction materials, coal, and construction industries made experimental changes in wages and work norms. In some establishments, changes in norms, wages, and hours were made simultaneously. Effective 1 January 1957, basic minimum wages were raised to 270 rubles per month for all workers and employees in rural areas (such as workers on state farms) and to 300 rubles for those in towns and in workers' settlements.† 4/

* Workers and employees is a technical term used by the Soviet government. It includes all wage and salary earners but excludes members of the armed forces, members of producers cooperatives, and collective farmers.

** For serially numbered source references, see the Appendix.

*** Gosudarstvennyy Komitet Soveta Ministrov SSSR po Voprosam Truda i Zarplata.

† Ruble values in this report are given in terms of pre-1961 current rubles and may be converted to US dollars at the rate of exchange of 4 rubles to US \$1. This rate does not necessarily reflect the value of rubles in terms of dollars.

During this period of experimentation, considerable inertia and opposition were encountered to the upward adjustment in work norms, and some difficulty was experienced in maintaining production while reducing weekly work-hours. As a result of these experiments during 1956-57, the regime apparently concluded that the two programs should be combined. Accordingly, in April 1958 the government decreed that both the wage adjustment and the reduction in hours were to be introduced simultaneously and were to be completed by the end of 1958 in ferrous and nonferrous metallurgy and in the coal, chemical, and cement industries.^{5/} Although target dates for other industries including machine building were subsequently established, these goals were not met, and the program lagged throughout 1958 and much of 1959, apparently for the following reasons:

1. The inability of some managers to satisfy the preconditions of the transfer -- that is, their inability to assure their superiors that the reduction in hours could be accomplished without shortfalls in production and productivity and without unwarranted increases in the wage bill, and
2. The lack of close administrative control over the program in the period after the abolition of the economic ministries and the establishment of the councils of national economy (sovnarkhozy) in mid-1957.

The Seven Year Plan, published in February 1959, reaffirmed the goal for completion of the transfer to the 41-hour workweek by the end of 1960. The plan also specified that another hour was to be cut from the workweek in 1962 and that the transfer to a 35-hour workweek -- a universal 5-day week of 7 hours per day -- would begin in 1964.* Minimum wages are to be raised to 400 and 450 rubles per month by 1962, and minimum wages are to be increased further in 1966 to 500 and 600 rubles per month for rural and for urban workers and employees, respectively.^{6/} The plan also stated that establishment of a workweek of 30 to 35 hours was to be completed in 1968.**

* For underground workers a 30-hour, 5-day workweek is to be established.

** The program for establishing "the shortest workday and workweek in the world" is more fully explained in the November 1959 issue of Planovoye khozyaystvo.^{7/}

On 20 September 1959 a new time schedule for the wage adjustment and the transfer to the shorter workweek was decreed (see Table 1).* 8/ The decree also provided that transfers were to be made on a regional basis rather than on an industry basis. The regional councils of national economy thus were assigned the primary responsibility for control over the preparation and the timing of the transfers in individual plants. This shift to a regional approach probably was intended also to prevent the undesired movement of labor from plants in industries where the reduction in hours had not yet been made to plants already on the shorter workweek.

Before the councils of national economy, ministries, or departments granted permission to an enterprise to adopt a shorter workweek, the management and engineering staff of the enterprise had to develop acceptable plans for the changes in technique, organization, and technology necessary to utilize existing "internal reserves" so as to fulfill production and productivity plans during the conversion period with a minimum expenditure of additional labor and/or capital. 9/

B. Success of the Program in 1959-60

After the initial experimental period of 1956-57 and the lags experienced during 1958 and early 1959, the implementation of the program was sharply accelerated late in 1959 and in 1960. The following transfers were announced 10/:

<u>As of</u>	Total Number of Workers and Employees on the Shorter Workweek (Million Persons)
31 December 1959	13
31 March 1960	16
30 June 1960	20
30 September 1960	40
31 December 1960	All

There were approximately 62 million workers and employees in mid-1960.

Plan fulfillment reports indicate that the changeover to a shorter workweek in industry has been accomplished largely without under-fulfilling production or productivity goals. During 1959 and the first

* Table 1 follows on p. 6.

Table 1

Time Schedule for Adjustments in the Workweek and in Wages
in the USSR
1959-62

Economic Branch and Geographic Area	of the Shorter Workweek	Establishment of New Wage Scales and Work Norms
Industry		
In the North, the Far East, Siberia, the Urals, Kazakhstan, Moscow and Moscow Province, Leningrad and Leningrad Province, and Ivanovo Province	4th quarter 1959-4th quarter 1960	4th quarter 1959-4th quarter 1960
In all other areas	3d and 4th quarters 1960	3d and 4th quarters 1960
Construction and geological survey work		
In the North, the Far East, the Urals, and Kazakhstan	2d quarter 1960	2d quarter 1960
In all other areas	4th quarter 1960	4th quarter 1960
Transport and communications		
	4th quarter 1959-4th quarter 1960	1960-61 a/
	4th quarter 1960	1960-61 a/
State agriculture	2d and 4th quarters 1960	1960-61 a/
Scientific research and design organizations		
Trade, public catering, procurement, material and technical supply, educational, public health, cultural, art and other establishments as well as governmental and other "nonproductive" branches	3d and 4th quarters 1960	1962 a/

a. In those cases where changes in wages and work norms are not to be made concurrently with the reduction in hours, wage schedules presumably are being adjusted arithmetically at the time of the changeover to shorter hours in order to maintain earnings until the detailed wage adjustments can be completed.

9 months of 1960, plans for both labor productivity and manpower were overfulfilled, leading to a substantial overfulfillment of output plans.* As shown in Table 2, however, labor productivity plans for 1960 were underfulfilled.

Table 2

Planned and Actual Increases
in Output and Productivity in Soviet Industry a/
1959-60

	Percentage Increase Above Previous Year					
	Output b/		Productivity (Output per Employee) c/		Manpower (Implicit Series)	
	Planned	Actual	Planned	Actual	Planned	Actual
1959	7.7	11	5.4	7.4	2.2	3.4
1960	8.1	10 d/	5.8	More than 5.0 d/	2.2	Less than 4.8 d/

a. 11/

b. Official Soviet index.

c. Based on "industrial-production personnel."

d. During the first 9 months of 1960, compared with the first 9 months of 1959, output rose by 10 percent, output per employee by 6 percent, and manpower by 3.8 percent.

In both years, output per employee remained high -- at a level equal to or only slightly below that achieved in 1956, 1957, and 1958 -- even though work-hours per employee were reduced substantially. In 1959, when plants in heavy industry were being transferred to a shorter workweek, 62 percent of the overfulfillment of the output plan may be

* Because of the overfulfillment of output plans, the restructuring of base-wage rate differentials between industries, and the incorporation of higher minimum wage levels in the new schedules of wages and work norms, average weekly wages in many enterprises also have increased.

attributed to overfulfillment of the productivity plan. The remainder of the overfulfillment in 1959 was associated with overfulfillment of manpower goals. In 1960 the overfulfillment of manpower goals prevented a shortfall in the output plan because yearly productivity did not increase as rapidly as planned.

As a result of the shorter workweek, output per man-hour rose substantially faster in both 1959 and 1960 than output per employee and was reported to have increased by 10.5 percent in 1959 and 10 percent in 1960. 12/

II. Relationship of the Reduction in Hours to Important Economic and Social Problems

A. Problems Facing the Soviet Leadership

In 1955-56, when the decision to reduce work-hours was made, the Soviet leadership was aware of a complex of problems related to wages and hours of work. These included the need (1) to increase living standards, (2) to overhaul the wage structure and revise work norms, (3) to improve managerial efficiency, and (4) to adjust to a temporarily tightening labor market.*

Since the death of Stalin the Soviet leadership has been politically committed to raising the level of living for its people, and during the post-Stalin period the Soviet worker-consumer has benefited from moderate increases in the availability of consumer goods. The Soviet people have come to expect further improvements in levels of living.

Furthermore, a wholesale revision of the system of work norms and incentive schemes had become imperative. As capital stocks increased and workers' skills improved over the years, established work norms became obsolete and reflected very poorly the growing output potential of the individual worker. As a result, bonus payments and/or payments on progressive piece rates for overfulfillment of these unduly low work norms formed an increasing proportion of workers' total earnings. In addition, little care had been taken over the years to equalize wage rates and work norms for comparable activities between plants. Finally, a general upgrading of jobs and workers had occurred, with the result that the labor grade and job classification system had become severely distorted.

As a result of the chaotic wage system, the planning of output levels, wage funds, and consumption needs was becoming increasingly

* For an excellent presentation of the problems, see source 13/.

complicated. Most workers were regularly overfulfilling their norms by large margins and were being compensated with substantial bonuses or by the rapidly progressive piece rates in effect in many industries. Moreover, as long as the system of wages and work norms was not changed, the regime was implicitly committed to a future course of rapidly increasing wage levels as capital stocks and productivity rose. Reestablishment of control over wages, therefore, was a major imperative for the Soviet leadership.

Soviet leaders also have sought greater efficiency in the use of existing resources of capital, labor, and raw materials, particularly in industry. Soviet planners recognized that existing work patterns were not the most efficient ones available to the managers, and the Soviet press regularly stressed the need to utilize "internal reserves" and to reduce costs. In spite of considerable exhortation in the past, however, managers tended to overlook or dismiss beneficial organizational changes -- such as better flow methods of production and the elimination of idle time -- largely because their bonuses were tied not to reduction in cost or to other efficiency criteria but to fulfillment and overfulfillment of the output plan and because these beneficial changes often temporarily interrupted production.

Many managers sought to insure themselves against underfulfillment of the output plan by maintaining a reserve of labor and other inputs for use toward the end of the plan period or for the fulfillment of other lucrative priority output goals. This reserve of labor has been reflected in chronic underfillment of labor productivity goals in many areas of the economy, especially during 1950-55, as well as in underfulfillment of reduction in cost or profit plans.

Another problem faced by the Soviet leadership was the prospect of a temporarily tightening urban labor market. This situation resulted from (1) a deliberate government policy of restricting migration from the rural areas and (2) the sharp decline in the annual growth of the population of labor force age after 1955, a result of the low birth rates during World War II.

The traditional way for plant managers to maintain their reserves of labor was to encourage migration from the rural areas. Although the effect of these migrations on agricultural production is not clear,* the cost of housing and retraining large numbers of migrants was becoming progressively greater by the mid-1950's. In order to reduce this migration and to encourage agricultural production, the government raised income levels of collective farmers by

* That is, its effect on production cannot be separated from the effects of temperature, moisture, soil conditions, work habits, managerial skills, and other factors.

upward adjustments in state procurement prices during 1953, 1954, and 1956. 14/ In addition, internal passport regulations were tightened up in some cities, including Moscow, after 1956, 15/ and increased diversification of work in rural areas (such as the construction of small food-processing centers and the building of rural roads) is now being encouraged. 16/

The reduction of migration from the rural areas has intensified the pinch in the urban labor market caused by the declining increments to the population of labor force age (15 through 59). These increments declined from 1.7 million in 1956 to about 0.2 million in 1961. This tight urban labor market situation provided the potential for sharp wage increases as enterprise managers sought to maintain their reserves of labor. By 1959-60, plants of "national economic importance," which pay relatively high wages, probably still had ample reserves of labor, whereas plants in the low-wage light and local industries were less fortunate.

The potential for sharp wage increases resulting from the tight labor market has been dampened considerably by a number of government actions 17/ to provide more urban workers. Educational arrangements have been adjusted to permit the employment of more young people, and increased efforts to employ more urban housewives are being made, in part by establishing more creches and kindergartens to care for their children during work-hours. In addition, the demobilization or prospective demobilization of 1.2 million servicemen in 1960-61 has reduced the upward pressure on wages. Whereas it is not possible to judge definitively the net effect of all these changes, Soviet press complaints of overrating (that is, the placing of persons in job categories for which they are unqualified) suggests that some "bidding-up" of wages has occurred.

B. Impact of the Shortened Hours

1. On Levels of Living

The reduction of the workweek from 48 to 41 hours without reducing average weekly wages provides increased "pay" in the form of leisure rather than in the form of goods. Thus the program fulfills the political commitment of the leadership to provide a significantly higher level of living for the people. In addition, the program to shorten hours has firm Soviet historical precedent and favorable ideological connotations. One of the first decrees of the Council of Peoples Commissars of the Russian Federation in 1917 was the establishment of the 8-hour workday, and a 1927 decree sought with only partial success to establish the 7-hour workday for production workers in Soviet industry. 18/

2. On the Adjustment of Wages and Work Norms

By linking changes in wages and work norms to the shortening of the workweek, the Soviet leadership apparently has quieted the opposition to these changes experienced during 1956-57. Under the new system, norms are being raised by as much as 75 percent in some cases, and perhaps 70 percent of an individual's pay is now obtained by meeting his output target as against, say, 40 percent under the old scales. Progressive piece rates are much less extensively used, bonuses are more closely controlled, and basic wages have been tied to much higher "technically based" norms. Whether these changes represent a "speed-up" or merely a recognition of realistic rates of output made possible by the growth of capital and labor skills cannot be determined. Nevertheless, the adjustments in hours and wages have forced Soviet workers to trade the opportunity of higher wages in the future for increased leisure in the present. Thus the new system has provided the Soviet government with the increased control over wages that it desired.

3. On Efficiency

The reduction in hours has forced the managers of Soviet enterprises and institutions to operate more efficiently. During the period of preparation for the shorter workweek, Soviet managers and engineers at each establishment were required to concentrate on those cost-saving changes in their methods of operation that permitted the shift in hours (1) without shortfalls in the output plan, (2) without requiring new capital, and (3) without overspending the wage fund (except where specifically authorized). In plants, such as those in heavy industry, favored by high wages and having a reserve of labor under the old methods of operation, the objectives generally have been achieved both by better use of workers and by introducing formerly neglected beneficial changes in organization. Particular attention was paid to the synchronization of production flows, better allocation of primary and secondary workers, and the elimination of idle time apparent in many time-and-motion studies. Attempts also were made to reduce tardiness of employees and "down-time" on machines. In other areas -- particularly in light and local industry, in the labor-short regions of the Soviet North and East, and in plants using continuous processes -- the sharp cut in the workweek could not be fully compensated for by such organizational changes, and additional labor and/or capital had to be supplied to avoid production shortfalls. Some plants have overspent their wage funds either through wage increases above planned levels or by the recruitment of additional workers. Thus in 1959, when many plants in heavy industry were being transferred to the shorter workweek, the overfulfillment of output plans could be attributed primarily to substantial improvements in productivity, whereas

in 1960, when the conversion began in the light industries, the overfulfillment of output plans was accomplished solely through the employment of additional persons, as shown in Table 2.*

The increased cost consciousness forced by the reduction in hours has been institutionalized and reinforced by two decrees promulgated late in 1959 and early in 1960. ^{19/} The first of these decrees links the regular managerial bonuses primarily to reduction in cost rather than to fulfillment and overfulfillment of the output plan. Bonuses for reduction in cost, however, are contingent upon meeting the plans for output, new technology, and other key indicators. The second decree links bonuses for development and the use of new technology to the savings in cost made possible by new techniques or by new equipment.

4. On the Tight Urban Labor Market

In spite of superficial appearances, the shortening of the workweek is not inconsistent with the tight urban labor market currently being experienced in the USSR. Rather, the tight urban labor market increased the pressure on the regime to raise labor compensation. The program for the reduction of the workweek raises levels of living by increasing leisure without lowering weekly wages and thus is in line with rather than opposed to the forces operating in the labor market to drive up the compensation of workers. As long as "internal reserves" could be mobilized and efficiency increased, as described above, no shortfalls in production would result from the shorter hours, hourly productivity would be sharply increased, and the additional leisure would be virtually cost-free to the Soviet leadership in terms of current goods and services. In addition, the shorter workweek (and the higher hourly wages) are in themselves a particular inducement for more housewives and young people to seek full or part-time employment, thus helping to alleviate the tight labor market situation.

III. Rationale for the Reduction in Hours

Although the reduction in hours has contributed to the solution of some problems facing the Soviet leadership, the real motivation for the program for the reduction of the workweek is not so apparent. There are a number of possible answers to the related questions of why the Soviet leadership originally decided in 1956 to reduce the length of the workday and workweek, why they chose to do so in the 1956-60 period, and why they plan a further reduction in the workweek during the 1960's. These possible explanations are closely connected with one or the other of the problems discussed above but are not

* P. 7, above.

always mutually exclusive. Some explanations are buttressed more strongly than others by the evidence presently available, and much of the evidence will support several explanations. Exposition of the common and conflicting elements in the various explanations and of the evidence supporting each proposition, however, provides considerable insight into the possible motivations and goals of the Soviet leadership.

Because the reduction in hours helped to solve a number of important problems, it is conceivable that the Soviet leadership originally thought of the program for the reduction of the workweek as a satisfactory simultaneous solution to all of these problems. This possibility, however, is contradicted by the late (1958) linking of the wage program and the program for the reduction in hours and also by the late (1959) announcement of plans for further reduction in the workweek after 1960. Although the regime apparently did not view the program initially as a solution to the entire set of problems set forth above, but only to one or some of them, its conception of the program may have broadened as the reduction in hours progressed -- from a program intended to solve a particular problem to one that served well on many fronts.

A. Motivation for the 1956 Announcement

Considerable evidence suggests that the original proclamation of a planned reduction in hours was primarily a political maneuver, a maneuver that was closely related to the intra-Communist Party conflict and that perhaps provided a partial alternative to Malenkov's "new course" proposals. This possibility is supported by the fact that the proposal for shortening the workweek did not appear in the original draft directives of the Communist Party on the Sixth Five Year Plan (1956-60) but was included in the version approved by the Twentieth Party Congress and published about a month later.^{20/} Moreover, any such political proposal for raising the scale of living primarily by granting more leisure rather than more consumer goods in the manner suggested by the "new course" could be supported by powerful ideological principles and firm historical precedent. Unlike the "new course," the program for a shorter workweek did not require or threaten eventually to require a diversion of investment from production of producer goods and other high-priority objectives to production of consumer goods. The program, therefore, did not violate the doctrine of the primacy of heavy industry. The charge of violating this doctrine was specifically leveled at the "new course" approach in February 1955,^{21/} about the time of Malenkov's resignation as Premier. The specific historical precedent was provided by the 1927 program of the Council of Peoples Commissars for the transfer of all production workers in industry to a 7-hour workday. The provisions of the early

decree, which was only partly successful and was rescinded in 1940, are strikingly similar to those of the present program for the reduction in hours. The action proposed in the draft directives of the Sixth Five Year Plan, therefore, had the familiar appeal of an established and socially approved program.

B. Leisure in 1956-60

Whether the original motivation for the 1956 announcement was political or not, it may be asked why the program was granted such prominence and actually carried out in the 1956-60 period instead of earlier or later. Because complaints about unused reserves of labor had been made for years, the timing of the program cannot be explained satisfactorily as an information lag. One answer to the question of timing, and one that is backed by considerable evidence, is related to the condition of the labor market and to the need to change the system of wages and work norms. Even though increased leisure may be a long-run goal of the Soviet leadership, the regime would not necessarily have to implement this goal in any given short-run period. During the recent period of a tight urban labor market, however, the regime could expect the pressures of wage bidding and a stiffening of worker resistance to changes in norms and piece-rate systems. Shorter hours clearly could make the requisite changes in wages and work norms more palatable to the workers and partly blunt the pressures for higher money wages implicit in the tight urban labor market situation. As noted above, Soviet planners evidently were aware that internal reserves existed at a number of plants even though labor was becoming increasingly in short supply. Previous exhortations and pressures had failed to induce managers to "mobilize" these reserves. The Soviet leadership, therefore, may have realized that two effects of reducing hours -- the "mobilization of internal reserves" and the inducement to students and housewives to enter the labor force -- would more than offset the effects of the reduction in hours on the input of labor, thereby stretching the available labor force while raising productivity and increasing levels of living. This realization could have come in 1958, when the reduction in hours was linked with the wage program.

This explanation of the rationale for carrying out the reduction in hours during 1956-60 implies (1) that labor was or was becoming a constraint on production and more efficient ways of using it had to be found; (2) that the regime was feeling more intensely the pressures for a higher scale of living than it had in the recent past; and (3) that managers, if forced, could obtain savings in labor force utilization. Although evidence for (1) and (2) has been cited, the available evidence for (3) does not eliminate the possibility that some

other method could have been found that would have "mobilized" these reserves and utilized them to obtain even greater increases in output.*

A second possible answer to the question of why the regime chose 1956-60 as a period in which to increase leisure is provided by A. Volkov, Chairman of the State Committee of the Council of Ministers, USSR, on Questions of Labor and Wages. Volkov maintains that leisure has always been a goal highly regarded by the Soviet leadership and that the 1956-60 period was the proper historic time for a major step toward fulfillment of this goal. In discussing this thesis, Volkov states 22/:

Under Socialism, the productive forces are not developed by squandering the basic productive forces -- the human being. On the contrary, this development is subordinated to the fuller satisfaction of the requirements of society as a whole, of the interest of the all-round physical and mental development of man The 20th and 21st Congress [of the Communist Party], developing the Marxist-Leninist teachings on Socialism and Communism, placed measures for reducing the working day at the top of the program to improve the material well-being of the people in the period of the comprehensive construction of a Communist society in the Soviet Union.

Whether the motivation for the 1956-60 hours program was primarily political, economic, or ideological or was some combination thereof, a whole sequence of questions regarding the costs of the program and the goals of the leadership needs to be answered. Was the gain in leisure largely a free good, obtainable by the reorganization of production (or, in the Soviet terminology, the mobilization of internal reserves)? If not, what is implied about the goals of the Soviet leadership? Even if the increased leisure was a free good in the 1956-60 period, can it be considered a free good over a longer period of years -- say 1960 through 1968? If leisure is not free in the near future, what is implied about the goals of the Soviet leadership? For example, has the Soviet leadership knowingly or unintentionally committed itself to giving up an opportunity for increased physical output -- including perhaps missiles and other military or scientific products -- in order to obtain a higher, Communist-style, scale of living for Soviet workers and employees?

* This possibility is discussed further in 2, p. 16, below.

1. Leisure as a Free Good

If the increased leisure was obtained for the Soviet citizen during 1956-60 without sacrificing output or potential output of physical goods -- through the utilization of internal reserves -- the reduction in hours was both rational and highly beneficial to the Soviet leadership. This conclusion also applies if the program was accomplished during 1956-60 with a relatively small loss in output or potential output. If, as is indicated by a considerable amount of evidence, the Soviet economy was producing during these years at close to maximum output under current technological conditions (including the manner in which labor was used), the utilization of untapped internal reserves of labor might produce a reduction in cost but could not increase output significantly in the short run. Thus the Soviet leadership may have reasoned that the free or, at worst, the low-cost leisure obtainable from the program could be distributed to the Soviet worker-consumers to satisfy partly their desires for higher levels of living, to fulfill a long-run Soviet goal, or to compensate them for the deprivation of the potentially higher incomes built into the old structure of wages and work norms.

2. Leisure at a Cost

Although the new leisure might have been considered by the Soviet leadership to be free or at least low-cost, very special circumstances (as outlined above) are necessary before such leisure is in fact free or low-cost, and, therefore, the program for increased leisure might have been costly in terms of the output or potential output that was foregone.

In view of the regime's apparent penchant in the past for everexpanding output of physical goods at maximum rates, any action that substantially reduced the potential for increased output might be regarded as irrational. It might be surmised that a "proper" set of rewards, incentives, and instructions could be devised to induce and force Soviet managers to reschedule production, shift the newly redundant manpower to other areas, and increase total output. This surmise, however, implies either that reserves exist in the utilization of other factors of production throughout the economy -- such as capital and raw materials -- or that labor was substitutable for other factors of production in a short period of time. The experience of many plants in overfulfilling their production and productivity goals suggests that some reserves did exist in the utilization of existing amounts of fixed capital and raw materials. It is not surprising that plant managers, intent on finding better ways of using labor, also would discover methods of economizing on raw materials and equipment, thereby permitting greater output. Soviet articles often describe

such gains, however, as fortuitous and spotty rather than widespread.* If these accounts are wrong and such reserves are widespread, however, the Soviet leadership could have paid a substantial cost in foregone output for the grant of additional leisure.

Several possibilities emerge from this line of reasoning. First, the regime may have been aware of the costs of the program at some point in the process of policy formation but was willing to forego the potential increase in output in order to move toward the goal of increased leisure, to check the potential for rapid wage increases by altering work norms, or to crack the whip on Soviet managers. Alternatively the regime may have mistakenly evaluated the program as one without costs.

Volkov's comments concerning Soviet motivations certainly are consistent with the possibility that the new leisure was purchased at the price of foregone output. Also consistent with this explanation are the regular budgetary allocations "for the implementation" of the program -- for example, the allocation of 11 billion rubles in the 1960 budget.^{24/} Although the intended use of such budgetary allocations is not known, their existence suggests that out-of-pocket costs of at least this amount were contemplated.

Alternatively the regime may have become politically committed to a program that it erroneously considered as costless, either in the short run or in the long run. A growing awareness of the actual or potential costs of the program could explain the slow implementation of the program for the reduction in hours in 1956-58, until the regime discovered the benefits of linking the program for reduced hours with the wage program. Viewed in this way, it would be reasonable to expect corrective action, now that the short-run objectives largely have been accomplished -- that is, winning the intra-Party struggle and moderating the opposition of workers to changes in work norms. Corrective action might be a reinstatement of the longer workweek on some pretext or, more likely, might take the form of pressuring Soviet workers to contribute "voluntary" labor to state projects. Recent articles on the appropriate use of leisure, the widespread establishment of peoples guard units, and the provisions for the financing of private home building (recently repealed) could support this view. As mentioned below, however, evidence of planned leisure also fits other evaluations of the goals of the Soviet leadership.

The most crucial evidence against the "mistake and correction" explanation of the reduction in hours in 1956-60 is the plan for a further reduction of the workweek to 40 hours in 1962 and

* For an example of this type of saving, see source 23/.

35 hours by the end of 1968 (for most workers). Unless the pressure for "voluntary" labor or "planned leisure" reaches large proportions or unless some other device for lengthening the workweek is instituted, the "mistake and correction" thesis would appear to have little support.

C. Leisure During the 1960's

1. Motives and Costs

Three major possibilities stand out as reasons for a further reduction in hours of work during the 1960's. As in the case of the 1956-60 rationale, the first is connected with the goals of the Soviet leadership, and the second and third are connected with the state of the labor market and the problems of distribution in a planned economy.

First, the Soviet leadership now may feel that the explicitly stated, long-run goal of providing increased leisure under Communism can and should be implemented* -- that the Soviet economy is sufficiently vital to provide both a faster rate of economic growth and a shorter workweek than the countries of the "capitalist camp." By one or another means, all societies establish socially approved limits on the length of time -- in hours, in years, or in both -- that a person may work, and there is evidence (as cited above) that reduction in work-hours is a basic goal and commitment of the Communist movement and the Soviet state. In making this decision the Soviet leadership may have knowingly chosen to forego some increased output of physical goods in order to obtain increased leisure for its people (together with any attendant benefits from propaganda). Even if the leisure that was provided to the Soviet people during 1956-60 was a "free" good, it was free only because of the existence of large "internal reserves" and the short-run difficulties (costs) of converting these reserves into increased production.

Attempts to use this new leisure in socially approved ways -- such as raising levels of education and participating in voluntary labor brigades -- of course would reduce the long-run costs of the additional leisure to the leadership. Finally, attempts to plan leisure might moderate the dissatisfaction of those persons who are bored and those for whom the new workweek is too short at given income levels. For the latter category the inducement of public approval or some compensation might elicit a substantial response.

* In October 1959, Khrushchev noted that "the time is not far off" when Soviet workers will work only 3 to 4 hours a day.

A second possible explanation for the planned further reduction in work-hours is related to Soviet plans for economic growth, the conditions of the labor market, and the problem of distribution. During 1959-65 the Soviet regime plans a massive investment program -- an 80-percent increase above the amount of investment during 1952-58, a period of already high investment. The plans include the establishment of automated production and the widespread reequipping of the capital stock in many sectors of the economy. The rate of growth of the population of labor force age, however, will decline until 1961-62, after which an increase is expected. The much more rapid increase in investment suggests a continuation of the tight labor market, presuming that the new equipment on net balance is not highly labor saving and that the regime intends to keep most of the present agricultural work force in the rural areas.

If the regime believes that the future rate of growth of the national income (as measured by Soviet definitions) will be determined exclusively or primarily by the magnitude and type of new investment, two key questions must be settled by the leadership, as follows:

1. How will the investment share of the national income in the desired "mix" be maintained?
2. In what form will the Soviet worker-consumers be compensated for their labor?

It is obvious that the answers to these questions may be contradictory. In a market economy the result of a tight labor market (presuming no migration) would be a rise in money earnings, increased efforts by managers to conserve on labor, and increased pressure for most consumer goods.* In the Soviet planned economy, accommodation to such pressures -- by secularly increasing the proportion of investment flowing into the consumer goods industries and into consumer-oriented agriculture -- would implicitly commit the leadership to a consumer goods policy of the Malenkov type. Furthermore, it would partly subject the economy to the unplanned and perhaps changing complex of consumer tastes.

Viewed in this way, the plan to increase leisure during the 1960's may be an attempt to divert or deflect future pressures

* For simplicity, such matters as the complex questions of changes in the interest rate, the role of consumer savings, and the possible readjustments of original plans for investment have been omitted.

for levels of consumption above those planned -- to the degree that an increase in the relative share of total investment flowing into light industry, certain areas of agriculture, and other consumer-oriented sectors is required. In this context the costs previously ascribed to the regime's desire to fulfill a long-term goal of Communism reappear as the costs of maintaining a certain level of "accumulation" and, more specifically, a certain "mix" of physical output.* It follows also that much of the cost in foregone output would be in consumer goods. The reduction in the workweek in 1956-60, in fact, may have been regarded as a first step in this direction whether leisure was a free good in the short run or not. Indeed, the attempt to deflect pressures for higher levels of consumption may be the thread of continuity running through the original, presumably political, commitment to a shorter workweek, the acceleration of the program in 1959-60, and the plans for still further reductions in hours.

In addition to the explanation suggested above, there is evidence that the Soviet leadership is consciously attempting to substitute leisure and public consumption for private consumption. Khrushchev has specifically excluded from the US-Soviet economic "race" any major competition in production and ownership of private automobiles,^{26/} and a similar prejudice against wasteful or socially unapproved consumption is apparent throughout Soviet economic publications. In like fashion the doctrine of the primacy of heavy industry ascribes a relatively low priority to output of consumer goods. Furthermore, Soviet wage theory, as enunciated in articles on the wage and hours adjustments and in textbooks, insists that the rate of increase in average wages be less than the rate of growth in productivity.^{27/} If plans are met, therefore, the relative share of production being distributed as wages will decline secularly. This pattern has been justified ideologically as the natural concomitant of the movement toward Communism, during which an increasing share of a worker's real income is derived from his "needs" rather than from his "work."^{28/} In practice the ideology coupled with wage theory suggests that social benefits (or governmental transfer payments) -- such as old age and disability pensions, the provision of kindergartens, boarding schools, rest and vacation areas, and other state grants like "free" housing -- will increase more rapidly than average wages, therefore representing a

* The costs of foregone output may be alternatively described as that larger amount obtainable by a more labor-intensive method of production. It should be noted, however, that the output "mix" resulting from this method of production may not suit the tastes of the leadership for rockets, missiles, space research, steel, and coal or for social insurance, public catering, and other forms of public consumption.

growing proportion of each individual's real income.* Whatever may be the justification for this policy in Marxist or humanitarian terms, it gives the government control over the allocation of the bulk of the annual increase in national income.

Finally, the further reduction in length of the workweek might be explained as an attempt to disguise a growing level of unemployment. Demographic data suggest that annual additions to the Soviet population of labor force age will begin to grow rapidly after 1962 as the post-World War II babies reach labor force age. 29/ If, in addition, the new automated equipment is highly labor-saving on net balance, a "surplus" of labor might result. This interpretation implies that further (above-plan) increases in output are effectively prevented by some capital, raw material, or other constraint and that the redundant labor cannot be substituted for these factors even in the long run in order to eliminate or ease the constraints.

There is little evidence to date to support this explanation of the Soviet rationale, and previous experience suggests that the Soviet government would attempt to reduce any such "surplus" by means other than a shortening of the workweek. Most probable would be programs for increased and perhaps compulsory retirement of aged persons** and for an expansion of educational opportunities for young people. These actions, of course, would work in the opposite direction from those now employed to increase the participation of young people and housewives in the labor force.

2. Prerequisites and Prospects

As noted above, minimum wages are to be raised to 400 rubles (rural) and 450 rubles (urban) per month by 1962 and again to 500 and 600 rubles per month in 1966. These increases in minimum wages will benefit primarily the low-paid groups such as guards, junior service personnel (such as janitors and sweepers), apprentices, and clerical personnel -- that is, those persons who do not directly participate in the rising wage levels resulting from growth in productivity.

Because it seems unlikely that the newly established system of wage rates and "technically based work norms" will be overhauled

* This statement, of course, waives the vital questions of (1) the "equitable" distribution of the social benefits, (2) whether the social service rendered is valued as highly by the recipient as by the giver (that is, the state); and (3) whether social, political, or market conditions permit dissatisfaction to be communicated to the policymakers.

** According to the Seven Year Plan (1959-65), minimum pensions also are to be increased in 1963 and in 1966.

again so soon, the reduction of the workweek could bring a reduction in weekly earnings for those workers whose earnings are closely tied to production, unless the reduction in hours is compensated for by increases in output. The Soviet leadership expects such increases in output from its highly touted automation and complex mechanization program. The early announcement of the plan for further reductions in the workweek and the long (5-year) period established for its implementation suggest that a period of preparation similar to that used during 1956-60 may be employed. The object of this new preparatory period would be the same as for the present one -- to assure that weekly wages, output, and productivity do not decline as weekly hours per person are reduced.*

If this preliminary analysis is correct, a further reduction of the workweek may depend heavily on the successful introduction of new technology and on the ability of the Soviet planning-management system to install and use these new techniques efficiently. If the output gains from new technology are not sufficient to provide for this increased leisure without reducing weekly wages (presuming that the alternative of increasing labor's wage share of the total product is inadmissible), the reduction in hours may not take place. It is possible, moreover, that in 1964-68 an additional amount of leisure will not be so highly regarded by the Soviet worker-consumer as it apparently was in 1956-60.

* A different sequence of events may occur. To the degree that the new capital can be employed to increase output per person much faster than average wages during the 1960-68 period, an upward adjustment in hourly wages could be made at the time of the changeover that would be sufficient to offset the effects of the reduced hours on weekly earnings, with no increase above 1960 in the relative share of the total product being used for consumption.

APPENDIX

SOURCE REFERENCES

1. Pravda, 26 Feb 56.
2. Ibid.
3. Sbornik zakonodatel'nikh aktov o trude (Handbook of Legislative Acts Concerning Labor), Moscow, 1960, p. 137-138 and 314.
4. Pravda, 9 Sep 56.
5. Ibid., 22 Apr 58.
6. Ibid., 8 Feb 59.
7. Antosenkov, Ye., and Moskalenko, V. "Programma sokrashcheniya rabochego dnya i rabochey nedeli v SSSR" (The Program for Reducing the Workday and the Workweek in the USSR), Planovoye khozyaystvo, no 11, Nov 59, p. 30-38.
8. Sbornik zakonodatel'nikh aktov o trude (3, above), p. 133-136.
9. Sukharevskiy, V. "Rabochiy den' i zarabotnaya plata v SSSR" (The Working Day and Wages in the USSR), Kommunist, no 3, Feb 60, p. 22-37.
Sovetskiye profsoyuzy, no 11, Jun 60, p. 50-53.
10. Izvestiya, 13 Jul 60.
Pravda, 22 Jan 60.
Ibid., 6 May 60.
Ibid., 14 Oct 60.
11. Pravda, 14 Oct 60.
Ibid., 22 Jan 60.
Ibid., 26 Jan 61.
Izvestiya, 23 Dec 58.
Komsomol'skaya pravda, 15 Mar 59.
12. Pravda, 22 Jan 60.
Ibid., 26 Jan 60.
13. Bulganin, N.A. O zadachakh po dal'neyshemu pod'yemu promyshlennosti, tekhnicheskому progressu i uluchsheniyu organizatsii proizvodstva (Concerning Tasks for the Further Development of Industry, Technical Progress, and Better Organization of Production), Moscow, 1955, p. 33-42.
14. Silin, A. "Glubzhe izuchat' ekonomiku kolkhozov" (To Study Deeply the Economics of the Collective Farms), Vestnik statistiki, no 2, Feb 60, p. 22-34.
Partiya-organizator krutogo pod'yema sel'skogo khozyaystva (Party Organizers of the Sharp Increase of Agriculture), Moscow, 1958, p. 5-90, 241-257, 373-380, 417-424, and 430-432.
15. Byulleten' ispolnitel'nogo komiteta Moskovskogo gorodskogo soveta deputatov trudyashchikhsya (Bulletin of the Executive Committee of the Moscow City Soviet of Workers' Deputies), no 19, Oct 58.

16. Strumilin, S. "O differentsial'noy zemel'noy rente v usloviyah sotsializma" (Concerning Differential Land Rent Under Conditions of Socialism), Voprosy ekonomiki, no 7, Jul 60, p. 81-97.
17. Trud, 22 Jan 59.
18. Schwartz, Solomon M. Labor in the Soviet Union, New York, 1951, p. 258-303.
19. Izvestiya, 3 Jul 60.
"Novoye v premirovani rukovodiyashchikh, inzhenerno-tehnicheskikh rabotnikov i sluzhashchikh" (New Premiums for Managers, Engineering-Technical Workers, and Employees), Sotsialisticheskiy trud, no 10, Oct 59, p. 58-63.
20. Pravda, 26 Feb 56.
Izvestiya, 15 Jan 56.
21. Ivanov, P. "Tyazhelaya promyshlennost' -- osnova mogushchestva sovetskogo gosudarstva i blagosostoyaniya naroda" (Heavy Industry -- The Basis of the Strength of the Soviet State and the People's Welfare), Planovoye khozyaystvo, no 2, Feb 55, p. 44-56.
22. Volkov, A. "Outstanding Gain of Socialism," Soviet News Bulletin, no 210, Ottawa.
23. Maksimov, A. "O sokrashchenii rabochego dnya v SSSR" (Concerning the Reduction of the Working Day in the USSR), Kommunist, no 10, Jul 60, p. 63-71.
24. Pravda, 28 Oct 59, p. 4-5.
25. Ibid., 10 Oct 59, p. 1.
26. Ibid., 29 Nov 57.
27. Ibid.
Aganbegyan, A.G., and Mayer, V.F. Zarabotnaya plata v SSSR (Wages in the USSR), Moscow, 1959, p. 24-72.
Karpukhin, D. "Sootnosheniye rosta proizvoditel'nosti truda i zarabotnoy plati v semiletke" (Relationship Between the Increase in Labor Productivity and Wages in the Seven Year Plan Period), Planovoye knozyaystvo, no 1, Jan 60, p. 27-37.
28. Sukharevskiy, op. cit. (9, above).
Pravda, 27 Feb 59.
Strumilin, S. "Mysli o gryadushchem" (Thoughts About the Future), Oktyabr', no 3, 1960, p. 140-146.
29. Bureau of the Census, Foreign Manpower Research Office. Estimates and Projections of the Population of the USSR: 1950 to 1976, by Campbell, A.A., and Brackett, J.W., ser P-95, no 52, May 59.
Ibid., unpublished estimates, 1959-60.